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* General elections for the National Assembly are presently scheduled for December 1959. They could be delayed, constitutionally, until 1960.

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changes in the leadership, organization, and effectiveness of the conservatives. There is currently little indication that these necessary changes are imminent.

2. The present conservative leaders are, in the main, ineffective, discredited, and corrupt. The unification of the conservative parties in the Rally of the Lao People (RLP), is only a paper merger undertaken to appease the US. The conservative leaders apparently prefer to run the chance of electoral defeat by the NLHX, rather than voluntarily give up their power to younger civilian and military leaders -- the recently-formed Committee for the Defense of the National Interest (CDNI). These young leaders appear honest, able, and responsive to French and US guidance. Yet their organization is not cohesive, they have not been tested in action, and they have shown a lack of resolution. On the one hand they aspire to seize power from the old guard, yet on the other they hesitate in part through fear of provoking civil war with the NLHX.

[RLP ?] ?

3. It presently appears that the non-Communist[^] leaders, despite the pressure which has been exerted by France and the US, will probably compromise on a new cabinet which eliminates NLHX representation, takes in a few CDNI leaders, but leaves power essentially in the hands of the old guard. It is unlikely that the CDNI ministers will be able subsequently

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to dominate such a government, or to disassociate themselves from the ineptitude and graft of past leaders -- especially if Katay remains in the cabinet. Such a government will probably have little chance of developing sufficient appeal or effectiveness to halt the trend toward the NLHX. Moreover, there is little chance that a better government can be formed in the near future through parliamentary means.

4. There appear to be two alternative courses which the US might adopt in an effort to prevent an eventual Communist takeover in Laos. One would be to induce the CDNI and the army (the ANL) to seize power by military coup. If the leaders of these groups work together with sufficient energy -- which is by no means certain -- they could take over the government at any time. However, such a coup would run serious risk of civil war and of DRV intervention. There are still two intact PL battalions in Laos; the heavy arms which belonged to the PL, are known to have been cached in North Vietnam, and PL-directed resistance activities could occur throughout much of Laos. In the event of civil war, the DRV would almost certainly give the rebel forces considerable support, probably including large numbers of volunteers. Moreover, it is possible in such a situation that Bloc leaders, if they thought it necessary, might direct the DRV to intervene in force.

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5. The second alternative open to the US would be to induce the Crown to effect a political coup. The Crown could exercise its rather vague decree powers (Articles 13 and 25 of the Lao constitution) and appoint a cabinet dominated by the CDNI. Although this course would retain a veneer of constitutionality, there would be some risk of civil war, since the NLHX would almost certainly interpret such action as reflecting a US-RLG move to limit or destroy its position in Laos. A CDNI attempt to outlaw the NLHX would increase this risk. At best, the CDNI government would have an uphill fight on its hands, both against the old conservatives and the NLHX. To be successful, it would have to appeal to the same nationalist issues which are being exploited by the NLHX. In so doing, it would have to impose security measures to control pro-Communist elements on the one hand, and take positive action to win popular support on the other. There is no convincing evidence either that the Crown would be sufficiently resolute to pull off a political coup, or, if it should, that the CDNI would govern any more effectively than their predecessors. In addition, the CDNI might not develop its organization or popularity rapidly enough to defeat the NLHX in future elections. Nevertheless, they could not be any worse than present RLG leadership, and there is a chance that a CDNI government might gradually establish effective non-Communist rule in Laos.

6. If more effective leadership is not soon developed in Laos,

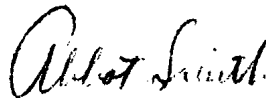
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the US position in Laos will probably in time become untenable as leftist influence is increased. In anticipation of such a situation, the US might attempt to cut its losses by writing off Laos and reducing or eliminating its aid. This would diminish US identification with the losing conservative cause, and might also serve as an object lesson to other governments that US aid is not indefinitely available to leaders who do not use it effectively. Such a course, however, might have adverse effects on the US position in Southeast Asia, particularly in Thailand, Cambodia, and South Vietnam.

7. The Board of National Estimates suggests that a SNIE on the outlook on Laos be initiated at an early date.

FOR THE BOARD OF NATIONAL ESTIMATES:



ABBOT SMITH
Acting Chairman
National Estimates

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